

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

66011

DRAFTED BY:EUR/RPE:EACASEY

APPROVED BY:EUR/RPE: EACASEY

-----010304 172041Z /62

R 170156Z SEP 77

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

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USEEC

FOLLOWING OTTAWA 08320 SENT ACTION SECSTATE INFO GENEVA
MONTREAL ALL AMCONSULS CANADA SEPT 14, 1977 REPEATED TO YOU
QUOTE

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USMTN

E.O. 11652: N/A

TAGS: ETRD, MTN, CA

SUBJECT: BILATERAL TALKS WITH CANADA ON MTN

1. SUMMARY: AMBASSADOR STRAUSS, HEADING SMALL U.S.
DELEGATION, SPENT SEPTEMBER 14 DISCUSSING WITH GOC
MINISTERS AND SENIOR OFFICIALS U.S. CONCEPTS FOR SCHEDULE
THAT WOULD LAUNCH CONCLUDING MTN NEGOTIATIONS IN EARLY
SPRING. MAIN CANADIAN CONCERN WAS IMPROVED CONDITIONS FOR
THEIR RAW MATERIALS AND SEMI-FINISHED PRODUCTS EXPORTS
AND THAT NEGOTIATIONS BE STRUCTURED TO ASSURE THESE ARE
DEALT WITH. U.S. SIDE ASSURED CANADA OF FULL SUPPORT
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AND EMPHASIZED ITS CONVICTION THAT CANADIAN CONCERNS COULD
BE ACCOMMODATED IN TARIFF FORMULA. END SUMMARY

2. IN MORNING MTN DISCUSSIONS WITH JAMIESON, CHRETIEN
AND MACDONALD, U.S. SPECIAL TRADE REPRESENTATIVE,
AMBASSADOR STRAUSS, EXPRESSED STRONG OPTIMISM THAT U.S.
AND CANADA CAN ACHIEVE SUBSTANTIAL RESULTS IN MTN BY

ABANDONING INFLEXIBLE POSITIONS WITH REGARD TO PROCEDURES. CITING U.S. COMPROMISE ON LONGSTANDING AGRICULTURAL DISPUTE WITH THE EC, AMBASSADOR STRAUSS URGED CANADIANS TO PURSUE OBJECTIVES FOR FOREST PRODUCTS AND NON-FERROUS METALS SECTORS WITHIN THE FRAMEWORK OF THE TIMETABLE AGREED UPON BETWEEN THE U.S. AND EC. STRAUSS COUNTERED CANADIAN DOUBTS ABOUT WORLD CLIMATE FOR TRADE LIBERALIZATION BY EMPHASIZING THAT EC AND JAPAN HAVE SUPPORTED U.S. CONTENTION THAT WORLD MUST MOVE NOW. U.S.-CANADIAN AGREEMENT ON ISSUES SUCH AS THE PIPELINE AND ST. LAWRENCE SEAWAY HAVE CREATED MOMENTUM WHICH MUST BE TAPPED.

3. CANADIAN SIDE, WITH MACDONALD TAKING LEAD, EMPHASIZED THAT CONCERNS OF ALL THE WORLD'S ECONOMIES ARE NOT SYMMETRICAL. BECAUSE OF HIGH IMPORTANCE TO CANADA OF LOW DUTY ITEMS, CANADA IS CONCERNED THAT U.S., EC AND JAPAN WILL STRIKE DEAL WITHIN CONTEXT OF CURRENT GROUPS WITH CANADA LEFT ASIDE -- ITS BASIC OBJECTIVES IGNORED. FOR THESE REASONS CANADA HAS CONSISTENTLY BELIEVED ITS OBJECTIVES COULD ONLY BE MET IN SECTORAL CONTEXT WITH ADVANCE GUARANTEES.

4. U.S. (STRAUSS, WOLFF, FEKETEKUTY) RESPONDED THAT U.S. NOT ASKING CANADA TO MODIFY OBJECTIVES BUT OUR ANALYSIS IS THAT CANADIAN OBJECTIVES CAN BE MET OUTSIDE THE FORMAL FRAMEWORK OF SECTORAL GROUPS. THE EXISTING TIMETABLE WILL LIMITED OFFICIAL USE

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ALLOW CANADA TO WEIGH OFFERS MADE BY OTHER COUNTRIES AFFECTING ITS INTERESTS BEFORE CANADIAN CONCESSIONS ARE MADE. U.S. HAS AGREED TO PROCEDURAL COMPROMISE ON AGRICULTURE WITHOUT ABANDONING SUBSTANTIVE OBJECTIVES. CANADA COULD DO LIKEWISE ON SECTORS BUT MAKE FINAL AGREEMENT CONTINGENT UPON SUBSTANTIAL PROGRESS IN AREAS OF GREATEST CONCERN, E.G., NON-FERROUS METALS AND FOREST PRODUCTS.

5. CANADIAN MTN COORDINATOR, AMBASSADOR WARREN, EXPRESSED CAUTIOUS FLEXIBILITY, NOTING THAT CANADA WILL MAKE MAXIMUM EFFORT TO ACCOMMODATE PROPOSED TIMETABLE. CANADA COULD PUT LINKAGE INTO TARIFF PLAN WHICH WOULD ASSURE THAT CUTS WOULD BE MADE ON LOW DUTY ITEMS INCLUDING PRODUCTS CANADA HAS PREVIOUSLY BEEN PURSUING IN SECTORAL CONTEXT. FEKETEKUTY NOTED U.S. IS CONSIDERING POSSIBILITY OF APPROACH UNDER WHICH EXCEPTIONS WOULD BE OFFSET BY ELIMINATIONS. SUCH AN APPROACH WOULD FACILITATE ACCOMMODATING CANADIAN OBJECTIONS.

6. AFTERNOON WORKING SESSION LED BY WARREN ON CANADIAN SIDE FOCUSED ON DETAILS IN THE TARIFFS AND SECTORS AREAS,

AND BILATERAL TRADE ISSUES. EXCHANGE WAS EXCEEDINGLY OPEN
AND IN THE SPIRIT OF PRIOR U.S.-CANADIAN MTN CONSULTATIONS.
STRAUSS STATED FLATLY CANADIAN SECTOR NEGOTIATING APPROACH
WAS A NON-STARTER AND POSSIBLY CONTRARY TO CANADIAN
INTERESTS. RESULT LIKELY TO BE A REASSESSMENT IN OTTAWA.
CANADIANS WERE TOLD THAT THEY WOULD HAVE TO FIGHT THEIR
OWN BATTLES, BUT IN AREAS WHERE OUR INTERESTS COINCIDED,
WHICH WOULD BE SUBSTANTIAL, THEY WOULD HAVE OUR FULL
UNFLINCHING SUPPORT.

7. FOLLOWING MEETINGS, STRAUSS HELD 20-MINUTE FILMED
PRESS CONFERENCE. HE EMPHASIZED FRANKNESS OF EXCHANGE
WITH GOC OFFICIALS BUT GOOD PROSPECTS FOR ADHERING TO
TIMETABLE THAT SETS STAGE FOR CONCLUSIVE MTN NEGOTIATIONS
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IN EARLY SPRING.

8. DEPARTMENT MAY REPEAT TO OTHER INFO ADDRESSEES AS
NECESSARY. ENDERS UNQUOTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RAW MATERIALS, MANUFACTURES, MEETING AGENDA, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE223924
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPE:EACASEY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770339-0204
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770951/aaaabrgd.tel
Line Count: 140
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1233898
Secure: OPEN
Status: NATIVE
Subject: BILATERAL TALKS WITH CANADA ON MTN
TAGS: ETRD, CA, MTN, (STRAUSS, ROBERT)
To: BRUSSELS USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f7541343-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009